INFORMATION

Agenda Item #6

December 5, 2017

Subject: **Location Efficiency**

Reporting Period: December 6, 2016 – December 5, 2017

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Recommended Action:

For information and discussion only – no action required.

Summary

In December, 2016, the SGC adopted the Resolution on Location Efficiency in Strategic Growth Council Agency Leased Facilities, committing the SGC to a goal of increasing the location efficiency of new leases for infill-compatible uses across all SGC member agencies by 10 percent above the 2016 SGC-wide average of 56.0. (Scores range from 0 – 100, with 100 being the most efficient).

Due to SGC's continued leadership in pioneering location efficiency standards for State facilities, and through continued partnership with the Government Operations Agency (GovOps) and Department of General Services (DGS), location efficiency is now a standard reporting metric for all State facilities.

Of the 39 leases completed or nearly-completed in the year since:

- The average location efficiency score was **71.6 -- 28 percent higher** than the 2016 SGC-wide average of 56.0; However:
- Compared to their previous locations, relocation leases represented a slight location efficiency **decline (-3%)**, and
- Compared to the leasing department/office's previous average, new projects (not relocations) scored slightly **lower (-6%)**.

While the ten percent goal of the Resolution was achieved, these results suggest that location efficiency actually declined in many instances, and that the SGC-wide average may, therefore, not be the most accurate metric against which to evaluate improvement. Furthermore, these data as well as anecdotal data from DGS suggest that departments may need additional education and encouragement from leadership to prioritize location efficiency in the leasing process.

Potential next steps for discussion include:

- **Refining the SGC Resolution's goal** to 10 percent over the *facility's* previous location (for relocations) or 10 percent over the *department's* previous average (for new projects);
- **Providing location efficiency training for agency/department staff** who are responsible for agency/department leasing decisions, possibly accompanied by a memo to relevant staff underscoring the importance of meeting location-efficiency goals;

- **Exploring supply-side actions** to meet demand for larger facilities in more location-efficient areas where supply is constrained (such as in the Sacramento region); and
- **Exploring additional commute trip reduction strategies** for the State workforce, including expanding ride sharing, telework, and non-auto commute options.

Background

"Location efficiency" refers to the comprehensive environmental, health, and community impacts of a facility's location, including its effect on users' transportation options and related greenhouse gas (GHG) emissions. Evidence indicates that the location of State facilities can have a significant influence on local and regional transportation patterns and land use/development trends. An efficient location can generate fewer vehicle miles of travel, reduce employees' commute burdens, promote a healthy workplace, help attract and retain current and future generations of employees (which statistically prefer less auto-reliant environments), and support infill development and prevent sprawl. Implementing location efficiency standards for California State facilities compliments other ambitious State initiatives in sustainable buildings (i.e. water and energy efficiency and GHG emission reduction measures), allowing the State to operationalize a more holistic definition of a "green building" that encompasses a building's relationship with the surrounding community context.

The Smart Location Calculator (SLC; https://www.slc.gsa.gov/slc/) is a robust, free, user-friendly, and open-source tool for measuring and comparing location efficiency. It was created by the U.S. General Services Administration (GSA) and the U.S. Environmental Protection Agency (EPA) in response to a federal executive order requiring consideration of location efficiency in federal facility siting. The SLC synthesizes a wide range of data representing accessibility (e.g. availability and frequency of transit and mix of land uses), demographics, and equity (e.g. accessibility of a location for low- and moderate-income workers) to create a composite score ranging from 0 (least efficient) to 100 (most efficient) compared to the surrounding region.

In 2015, SGC hosted representatives from GSA and U.S. EPA in a two-day information exchange with the Government Operations Agency (GovOps) and Department of General Services (DGS) to explore avenues for operationalizing location efficiency standards for California state facilities.

In 2016, because of SGC's leadership and successful, sustained partnerships with federal agencies and with GovOps and DGS, the DGS Leasing and Planning Section began implementing practices to ensure consideration of location efficiency metrics as a standard part of all State leases, using the SLC to measure and compare the location efficiency of all potential leased properties.

SGC Resolution on Location Efficiency

On December 6, 2016, the SGC adopted the Resolution on Location Efficiency in Strategic Growth Council Agency Leased Facilities (http://sgc.ca.gov/resource%20files/120606-ITEM11LocationEfficiency.pdf). The resolution commits the SGC to:

- ***Collectively raise the combined average location efficiency score for all new, infill-compatible* facilities leased by SGC member agencies by 10 percent above the December, 2016 average – from 56.0 to 61.6 – for leases commencing the site search process on or after January 1, 2017.***

- Partner with GovOps and DGS to track and monitor location efficiency scores in all new State leases.
- Provide regular progress reports to the Council.

*The resolution defines infill-compatible facilities as: "those such as offices, classrooms, laboratories, and other facility types that could conceivably be located in urban areas accessible by transit." Infill-compatible facilities do NOT include uses such as wildlife monitoring stations, boat docks, fire control towers, and other uses that offers less flexibility in location.

Progress to Date

SGC-Wide Average Location Efficiency Score for Leases Executed since January 1, 2017

Across all SGC member agencies, 39 leases for infill-compatible facilities commenced the leasing process on or after January 1, 2017 and are now completed or are in near-final stages of completion, with a preferred site identified. (This represents a fairly normal turnover rate for State departments, considering that many leases take more than a year to go from project execution through the solicitation and site selection process to completion.) The average location efficiency score for these 39 leases was 71.6, representing a 28 percent positive improvement over the 2016 SGC-wide average of 56.0, and exceeding the Resolution's goal of 10 percent improvement.

However, a closer look at the data reveals a more complex picture and some need for additional education and encouragement to improve location efficiency outcomes.

Thirty-one (31) of the 39 leases were relocations from a previous leased location, and of these, only 12 (39%) moved to a location with a higher score than the previous location, whereas 14 (45%) moved to a less-efficient location, and 4 (16%) moved to a location with the same score as the previous location.

Eight (8) of the 39 leases were new projects (not relocations), and these averaged 63.8 in location efficiency, representing a 16 percent improvement from the SGC-wide baseline of 56.0.
A more illustrative metric than comparison to the SGC-wide average, however, may be the comparison between 2017 leases and the previous average for that department, since other leases by the same department would be more likely to be of a similar use type (e.g. field offices, monitoring stations, classroom facilities, etc.). By this measure, the SGC-wide average for new leases was 2 percent better than the 2016 departmental average. Relocation projects scored an average of 4 percent better than their respective departments' 2016 average, but new projects scored an average of 6 percent worse than their respective departments' 2016 average.

Potential challenges to achieving higher location efficiency in State leases, and some suggested next steps, are discussed below.

SGC Member Agencies – Infill-Compatible Leases, January – December, 2017

	Average Location Efficiency Score	Change vs. 2016 SGC-Wide Average **(56.0)**	Change vs. Previous Location (Relocation Projects Only)	Change vs. 2016 Department Average
New Leases **(39)**	71.6	+ 28%	n/a	+ 2%
Relocations **(31)**	73.6	+ 31%	- 3%	+ 4%
New Projects **(8)**	63.8	+ 16%	n/a	- 6%

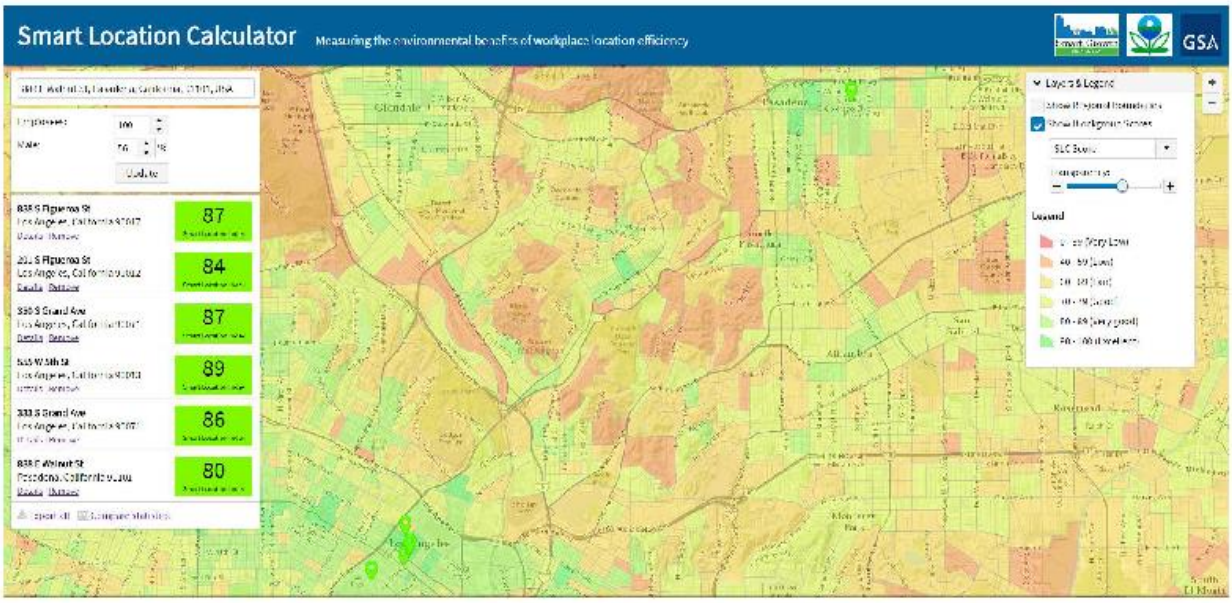
DGS Implementation of Location Efficiency Metrics for All State Leases

Because of SGC's leadership and successful, sustained partnerships with federal agencies and with GovOps and DGS, the DGS Leasing and Planning Section, which is responsible for carrying out all State facility leases, continues to implement practices to ensure consideration of location efficiency metrics as a standard part of all State leases. Current practices employed by DGS staff include:

- Using the SLC to identify highly location-efficient areas within the potential search region for a new lease, and drawing the eligible search area for solicitations in a way that includes the highest-scoring areas.
- Including the location efficiency score and map in each potential property presented to the client department or agency in the facility search process.
- Collecting location efficiency statistics for all completed leases and reporting on department-wide location efficiency averages to GovOps and SGC.

As a result of these practices, it is now undoubtedly easier for departments to choose more location-efficient facilities when location efficiency is a high priority in the leasing process.

For example, the Division of the State Architect (DSA) previously leased space in the heart of Union Station in Downtown Los Angeles, an area served by multiple transit lines and one of the most transit-accessible locations in the greater LA region. The facility scored an 84. A majority of employees at this location regularly relied on biking, walking, and/or transit to get to work. When DSA's lease was discontinued, it was of prime importance to DSA staff to find a new location that employees could access without having to rely on cars. DGS staff were able to provide DSA with maps of potential alternate properties that included the location efficiency scores for each property. DSA was able to use the location efficiency score to choose a new location that scores an 87 – three points higher than the previous location – and is highly accessible by transit, allowing employees to continue commuting to work without driving.



Site Search Map for DSA Potential New Locations with Location Efficiency Scores

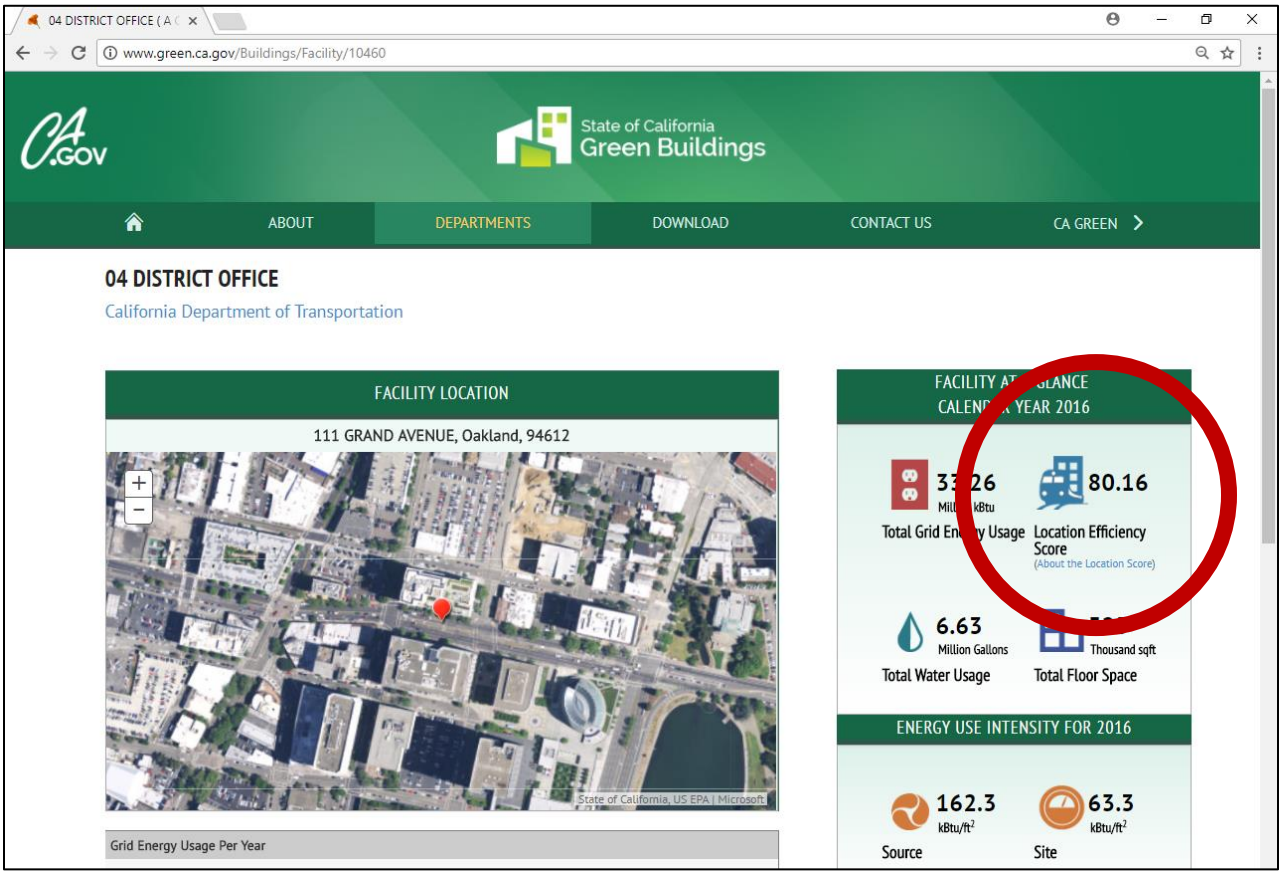
Location Efficiency in Sustainability Roadmaps and Green Buildings Website

Executive Order B-18-12 directs all State agencies to implement a wide range of sustainable building, fleet, and procurement practices. To implement this Order (and other related policies), GovOps requires State departments to submit a Sustainability Roadmap every two years, describing all departmental measures to implement sustainable practices.

While location efficiency was not originally part of the Executive Order, in 2017, in response to SGC's leadership on location efficiency, GovOps began requiring all departmental Roadmaps to include location efficiency metrics, achievements, and plans for improvement. GovOps has established a state-wide goal for all departments of 10 percent improvement over each department's previous location efficiency average for all infill-compatible properties.

As of December, 2017, GovOps is reviewing draft Roadmaps for the 2016-2017 reporting period. While not finalized, the location efficiency sections of these drafts (and in particular, those for departments falling under SGC-member agencies) reveal a few trends, which are consistent with the data on SGC-member leases executed in the past year, and suggest some areas for continued improvement. These are discussed below.

The State's Green Buildings website (http://www.green.ca.gov/Buildings/) was also updated in 2017 to reflect location efficiency data on both owned and leased facilities for departments, alongside metrics for energy and water efficiency.



Example of Location Efficiency Facility Score on State Green Buildings Website

Discussion and Recommendations

Barriers to Improving Location Efficiency in State Facilities

Numerical data on 2017 leases, combined with Sustainability Roadmap drafts on location efficiency as well as conversations with DGS leasing staff, suggest that the following barriers continue to hamper the State's ability to achieve higher location efficiency in State facilities:

1. **The 10 Percent Improvement Goal Over the SGC-Wide Average May Not Be an Adequate Metric:** New leases executed in 2017 did meet the Resolution's goal of 10 percent improvement over the previous SGC-wide average. However, the fact that the majority of relocations in 2017 *reduced* their location efficiency, coupled with the fact that most new projects (not relocations) scored *lower* than their respective departments' previous average, suggests that a stronger or more refined goal may be appropriate to reflect departmental variations.

2. **Location Efficiency is Still Not a High Enough Priority for Many Departments and Agencies:** While DGS staff report that there have been no major issues in incorporating location efficiency metrics into the standard leasing process, they also report that location efficiency is often not a significant consideration in most leasing processes. Additionally, in some instances, department/agency preferences, such as proximity to freeway off-ramps or ample, free employee parking, actually lead to less-efficient locations. Department and

agency staff who are leading the leasing process from the client end are in some cases not familiar with location efficiency scores and the SGC resolution's goal of 10% improvement, or may not feel that these goals are important vis-à-vis other considerations.

Additionally, many confuse location efficiency with transit accessibility, and assume that it does not apply to more remote or rural locations without transit access. There is a need to emphasize that improving location efficiency for *any* location – e.g. from a score of 26 to 36 – can have important impacts on the amount of vehicle travel induced by a facility, as well as impacting the surrounding community. Even in rural and remote areas with little or no transit service, or for highly auto-oriented uses, a more efficient location can help State facilities contribute to main street and town vibrancy and prevent sprawl development, and can also mean fewer miles of travel for employees and users of a facility, which contributes to economic and health benefits for the community as well as reduced vehicle emissions.

These anecdotes suggest that without further encouragement for agencies and departments to more prominently weigh and preference location efficiency in the leasing process, it seems unlikely that location efficiency will significantly improve over time.

3. **Supply-Side Limitations:** Leases are dependent on market availability, and, according to DGS reports, in many California markets, the areas of highest location efficiency – such as central towns or business districts – have low vacancy rates, and thus little availability for State facilities. This is particularly true for larger facilities, e.g. over 100,000 sf.

4. **Demand-Side Limitations:** Across the U.S. and internationally, both public and private sectors employ a wide range of strategies to provide/expand alternate commuting options for employees. These options benefit employees by offering them more varied and less expensive commute options, and also reduce the employer's environmental footprint. While many State agencies utilize some of these strategies (e.g. transit pass subsidies and free bicycle lockers), there are many more that could be explored to provide additional options and incentives for State employees to choose other commuting modes where feasible.

Potential Next Steps – For Discussion

1. **Refine the SGC Resolution's Goal:** The Council could consider refining the goal established in the Council Resolution to 10% improvement over each *department's* previous average in the case of new projects, and 10% improvement over the facility's previous location for relocations, to more accurately reflect differences in departmental needs and trends.

2. **Provide Location Efficiency Training for Agency/Department Staff:** The Council could direct relevant agency and departmental staff to participate in a training session on location efficiency – co-led by SGC and GovOps/DGS – to better understand the importance and value of location efficiency, and reiterate goals for improvement. This direction could be in the form of a memo to relevant staff underscoring the importance of meeting location efficiency goals.

3. **Explore Supply-Side Actions:** While lack of supply of location-efficient facilities may be an unavoidable challenge in many areas of the State, the State may want to more closely

examine market limitations in the Sacramento market to explore whether the scale of State facility demand in this region might warrant more proactive measures to ensure the availability of more location-efficient facilities in the future.

4. **Explore Additional Commute Trip Reduction Strategies:** Direct SGC to work with GovOps to explore other commute trip reduction strategies for the State workforce, including strategies to expand ride sharing, telework, and non-auto commuting options.